



**Center for Research and
Policy Making – CRPM,
Skopje**

Financial Statements for the Year Ended
31 December 2019 and

Independent Auditor's Report

Table of contents

Page

INDEPENDENT AUDITORS REPORT – FINANCIAL AUDIT

1

FINANCIAL STATEMENTS

- Statement of revenues and expenses

3

- Balance Sheet

4

- Statement of changes in funds

5

- Notes to the Financial Statements

6

To:
The Management of
Center for Research and Policy Making - CRPM
Skopje

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Center for Research and Policy Making - CRPM (in the following text "the Association"), which comprise the Balance Sheet as of 31 December 2019, the Statement of Revenues and Expenses and Statement of Changes in Funds for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Law for Non-profit Organizations and the standards for reporting under the cash basis of accounting. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Auditing Standards applicable in the Republic of North Macedonia¹. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

¹ International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board (IAASB), which are in effect from 15 December 2009, translated and published in Official Gazette of RM no. 79 from 2010

To:
The Management of
Center for Research and Policy Making - CRPM
Skopje

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's opinion

In our opinion, the financial statements of the Center for Research and Policy Making – CRPM, give a true and fair view, in all material aspects, of the financial position of the Association as of 31 December 2019, as well as the operating results and the changes in the funds for the year than ended, in accordance with the Accounting Law for Non-profit Organizations and standards for reporting under the cash basis of accounting.

Certified Auditor, Partner

Darko Kalin



Director

Darko Kalin

21 September 2020

STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 December 2019
In MKD thousands

	Notes	2019	2018
Granted donations and other revenues	4	28.511	10.386
Financial revenues	5	58	97
Transferred surplus of revenue from the previous year		6.531	9.086
TOTAL REVENUES		35.100	19.569
Material costs and services	6	4.916	2.378
Expenses for employees	7	3.988	4.106
Capital expenses	8	123	88
Other operating expenses	9	14.651	6.467
TOTAL EXPENSES		23.678	13.039
Surplus of revenues over expenses before taxes		11.422	6.531
Income Tax		-	-
Surplus of revenues over expenses after taxation		11.422	6.531

The accompanying notes form an integral part of these financial statements.

The accompanying financial statements were authorised for issue by the management of the Association and were signed on its behalf by:


Marija Risteska
 Executive Director



BALANCE SHEET
As of 31 December 2019
In MKD thousands

	Notes	31 December 2019	31 December 2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	168	145
Non-material assets	11	31	18
		199	163
CURRENT ASSETS			
Cash and cash equivalents	12	11.370	6.500
Receivables	13	25	-
Prepayments	14	32	84
Total Current Assets		11.427	6.584
TOTAL ASSETS		11.626	6.747
LIABILITIES AND OPERATING FUND			
OPERATING FUND			
Operating Fund		199	163
Surplus of revenues over expenses after taxation		11.422	6.531
Total Operating Fund	15	11.622	6.694
CURRENT LIABILITIES			
Other current liabilities	16	5	52
Total Current Liabilities		5	52
TOTAL LIABILITIES AND FUNDS		11.626	6.746

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN OPERATING FUND
For the Year Ended 31 December 2019
In MKD thousands

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 1 January 2018	143	9.086	9.229
Transferred surplus of revenues over expenses from previous year	-	(9.086)	(9.086)
Purchases	88	-	88
Depreciation for the year	(68)	-	(68)
Surplus of revenues over expenses	-	6.531	6.531
Balance as of 31 December 2018	163	6.531	6.694
Transferred surplus of revenues over expenses from previous year	-	(6.531)	(6.531)
Purchases	123	-	123
Depreciation for the year	(87)	-	(87)
Surplus of revenues over expenses	-	11.422	11.422
Balance as of 31 December 2019	199	11.422	11.621

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

All amounts are expressed in MKD thousand, unless otherwise stated

1. ESTABLISHMENT AND ACTIVITY

Center for Research and Policy Making is association of citizens established at 15.03.2004 according to the Law of Associations of Citizens and Foundations (Official Gazette of RM No.31/98). The Association is registered in the register of the Association of Citizens and Foundations with Registration No. 5880378. The Association operates in accordance with the Law of Associations of Citizens and Foundations (Official Gazette of RM No.31/98) and a Statute.

The Center for Research and Policy Making is an organization that has a mission to promote good governance and development in Macedonia on the basis of relevant, evidence based policy research, capacity building and trainings, evaluations, analyses and surveys, without regard to and independently of any group of the society, either political, social or economic.

The Association is located in Skopje, with address str. Cico Popovic no.6-2/9, Skopje- Center. The total number of the employees as of 31 December 2019 amounts 7 employees (31 December 2018 was 7 employees).

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Association are conducted in accordance with the Non-Profit Organization Accounting Law and the International accounting standards for the public sector on cash basis published in the Republic of North Macedonia for presentation of the balance sheet items, balances of the assets, liabilities, sources of the assets, revenues and expenses, and the operating results on true, fair, confidential, complete, punctual basis. The amounts in the statements and the notes are stated in thousands of MKD, except when otherwise indicated in the text.

The comparative figures for the year ended 31 December 2018 are presented as audited.

3. BASIC ACCOUNTING POLICIES

The basic accounting policies used for preparation of the financial statements are listed in the following text.

3.1 Cash and cash equivalents

The Association's cash comprises of the cash on hand and the cash on bank account in the commercial banks. Money at the cash account and at the bank accounts stated in domestic currency are presented in the general ledger at their nominal value, while the foreign exchange currency is stated according to the exchange rate of NBRM at the reporting date.

3.2 Material and non-material investments

Material and non-material investments (fixed assets) are stated at their cost value. The cost of the fixed assets comprise the purchasing price increased for the import customs, non-refundable VAT, manipulative expenses and all other expenses that can be added to the cost, i.e. to the purchasing expenses. The operating fund of the Association increases for the amount of the value of fixed assets purchased. The revaluation of fixed assets (tangible and intangible assets), is performed because of additional valuation due to the increase of the annual inflation rate, measured with the official industrial product price index. Revaluation basis is the cost of the assets. Revaluated value of the assets is determined by indexing.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

All amounts are expressed in MKD thousand, unless otherwise stated

3. BASIC ACCOUNTING POLICIES (Continued)

3.3 Depreciation

Tangible and intangible assets (fixed assets) are depreciated using the straight-line method, so their cost and revaluated amount are depreciated in equal annual amounts during the estimated utilization period of the fixed assets.

The amount of the current depreciation is recorded on the burden of the operating fund.

The depreciation rates, applied by the Association in 2019 are as follows: 15% for vehicles, 15% - 20% for equipment and 20% for software.

The calculation of the depreciation is performed separately for each item, and not for groups of assets.

3.4 Recognition of the revenues and expenses

Revenues and expenses of the non-profit Associations are recognized according to the modified accrual basis of accounting.

According to the modified accrual basis of accounting the revenues i.e. expenses are recognized in the accounting period of calculation in which they appear under criteria of measurement and availability. Revenues i.e. expenses are measurable when they can be stated by their value. Revenues i.e. expenses are available when they are realized, i.e. when they appear (paid) in the accounting period or within the period of 30 days after the accounting period, under condition to be related to the accounting period and serve for payment of the liabilities for the period (if liabilities for payment appear in the accounting period).

3.5 Income tax

(a) Current Income Tax

Current income tax represents an amount that is calculated and paid in accordance with the effective Profit Tax Law of the Republic of North Macedonia. Income tax is payable at the rate of 10% on the tax base reported in the annual corporate income tax return as reduced by any applicable tax credits. The tax base stated in the income tax return includes profit for the year increased for unrecognized expenses, taxable income from related parties and unclosed balances of loans given, in accordance with the regulations in the Income Tax Law, decreased for any tax reliefs.

(b) Deferred taxes

Deferred taxes are recognized in cases of differences between the carrying amounts of assets and the liabilities in the financial statements and the carrying amounts as per tax regulations and are reported using the balance sheet liability method. Deferred tax liabilities are recognised for all deductible temporary differences given that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In these financial statements, there are no temporary tax differences.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

All amounts are expressed in MKD thousand, unless otherwise stated

3. BASIC ACCOUNTING POLICIES (Continued)**3.6 Amounts stated in foreign currency**

The transactions in foreign currency are stated in MKD according to the Official exchange rate of NBRM at the date of transaction. Foreign exchange assets and liabilities of the balance sheet are stated in MKD according to the official exchange rates on the balance sheet date.

The Income Statement includes the net foreign exchange gains and losses that resulted from the conversion of the amounts in foreign currency in the period when they occur.

The average (closing) exchange rates of the denar related to the foreign exchange currencies (for one unit of foreign exchange currency) as of 31 December are as follows:

In MKD	<u>31 December 2019</u>	<u>31 December 2018</u>
USD	54,9518 Denars	53.6887 Denars
EUR	61,4856 Denars	61.4950 Denars
CHF	<u>56,5593 Denars</u>	<u>54.7742 Denars</u>

4. GRANTED DONATIONS AND OTHER REVENUES

	<u>2019</u>	<u>2018</u>
Revenues from donations	27.693	9.900
Other revenues	818	486
Total	<u>28.511</u>	<u>10.386</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

All amounts are expressed in MKD thousand, unless otherwise stated

Breakdown of granted donations by donors:

	2019
UNDP	485
GIZ	1.198
Hedayah Center of Excellence / EU	5.478
OSCE	368
City of Skopje - Municipality	148
Macedonian Women's Lobby	172
CPCD	1.129
Embassy of the Republic of Poland	262
Beijing Foreign Studies China	517
NATO Science for Peace and Security	146
Institute for Democracy and Mediation	2.432
National Alliance NALED Belgrade	65
Austrian Development Agency	12.299
Conseil de L'Europe	1.723
Asotiatia Institutul Pentru Buk / EU	947
Regional Cooperation Council / BIH	18
NGO Alfa Centar	17
ADORA Tetovo	62
Others	227
Total	27.693

5. FINANCIAL REVENUES

	2019	2018
Foreign exchange gains	58	97
Total	58	97

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

All amounts are expressed in MKD thousand, unless otherwise stated

6. MATERIAL EXPENSES AND SERVICES

	2019	2018
Other material expenses	3.684	1.454
Rent	851	521
Cost of materials	134	140
Transportation	85	127
Utilities	115	113
Expenses for Marketing and Representation	47	23
Total	4.916	2.378

7. EXPENSES FOR EMPLOYEES

	2019	2018
Salaries	3.988	4.106
Total	3.988	4.106

8. CAPITAL EXPENSES

	2019	2018
Equipment	123	88
Total	123	88

9. OTHER OPERATING EXPENSES

	2019	2018
Intellectual services	4.186	3.232
Transferred funds	9.148	2.112
Per diems and travel costs	736	630
Taxes	445	360
Bank charges	84	72
Foreign exchange losses	31	52
Other operating expenses	21	9
Total	14.651	6.467

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

All amounts are expressed in MKD thousand, unless otherwise stated

10. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment	Total
Cost as of 1 January 2018	708	708
Additions 2018	71	71
Balance as of 31 December 2018	779	796
Additions 2019	110	110
Balance as of 31 December 2019	889	889
ACCUMULATED DEPRECIATION		
as of 1 January 2018	568	568
Depreciation 2018	66	64
Balance as of 31 December 2018	634	632
Depreciation 2019	86	86
Balance as of 31 December 2019	721	721
Net book value as of:		
- 31 December 2018	145	145
- 31 December 2019	168	168

11. NON- MATERIAL ASSETS

As of 31 December 2019 the association has non-material assets - software at the amount of 31 thousand of MKD (2018: 18 thousand of MKD). The value at cost is 39 thousand of MKD, while the accumulated depreciation is 8 thousand of MKD (2018: the value at cost is 25 thousand of MKD and accumulated depreciation is 7 thousand of MKD).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

All amounts are expressed in MKD thousand, unless otherwise stated

12. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
Bank account	6.258	1.122
Foreign currency bank account	4.962	5.328
Other accounts	150	48
Petty cash	-	2
Total	<u>11.370</u>	<u>6.500</u>

13. RECEIVABLES

	<u>2019</u>	<u>2018</u>
Prepayments	25	-
Total	<u>25</u>	<u>-</u>

14. PREPAYMENTS

	<u>2019</u>	<u>2018</u>
Prepayments	32	84
Total	<u>32</u>	<u>84</u>

15. OPERATING FUND

	<u>2019</u>	<u>2018</u>
Operating fund	199	163
Surplus of revenues over expenses after taxation	11.422	6.531
Total	<u>11.622</u>	<u>6.694</u>

The changes in the Operating fund are stated in the Statement of changes in the operating funds on page 5.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

All amounts are expressed in MKD thousand, unless otherwise stated

16. OTHER CURRENT LIABILITIES

	2019	2018
Other current liabilities	5	52
Total	5	52

17. OFF-BALANCE RECORDS

As of 31 December 2019, the Association has no off-balance sheet exposure.

18. SUBSEQUENT EVENETS

After 31 December 2019 - the reporting date, until the day of approval of these separate financial statements, the following events are materially significant for disclosure in these separate financial statements:

After 31 December 2019, the spread of COVID-19 is seriously affecting many local economies around the world. In many countries, businesses are forced to suspend their operations or limit their activities for a longer or indefinite period. The measures taken to stop the spread of the virus, including travel bans, quarantine, social distancing and the closure of non-essential services that have caused significant disruption to businesses around the world, have resulted in economic slowdown. Global stock markets are also experiencing major uncertainties and significant weakening. Governments and central banks have also responded with monetary and fiscal interventions to stabilize the economic situation. The Association considers that these events are non-corrective events after the reporting period. Accordingly, the financial position and the results of the Association's operations of and for the year ending on 31 December 2019 are not corrected to reflect this impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of the response by the government and the central bank, remain unclear at this time. It is not possible to make a reliable assessment of the duration and severity of these consequences, as well as the impact of the financial position and the results of the Association's operations and cash flows in the future.